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SBA and Ex-Im Bank Provide Assistance to Small Business Exporters

The U.S. Small Business Administration (SBA) and the Export-Import Bank of the United States (Ex-Im Bank) have teamed up to further promote small business exports. Small businesses that receive an SBA Export Working Capital Program (EWCP) loan now qualify for a 25% discount on their Ex-Im Bank credit insurance premiums.

Ex-Im Bank is the official export credit agency of the United States government. Ex-Im Bank assumes the inherent payment risks that the private sector is often unable or unwilling to cover. **Export credit insurance** protects your company against nonpayment and also enables you to sell on competitive “open account” terms (rather than cash in advance or letters of credit). Thus, you can enter new markets and increase sales in existing markets with greater confidence. No longer do you have to forego sales because you cannot match the credit terms offered by your foreign competitors.

The Ex-Im Bank’s support is extensive, with up to 95% coverage for both commercial risks (such as buyer insolvency and default) and political risks (such as war, revolution, and the cancellation of an export or import license). Furthermore, as a borrower under the SBA Export Working Capital Program, Companies can qualify for a 25% premium discount under Ex-Im Bank’s multi-buyer insurance policies. Non-deductible policies are available for many companies. The discount brings your cost, in most cases, to less than a half-cent per dollar of sales. Of interest, this cost of insurance can often be passed on to your buyer.

The SBA’s EWCP program provides small business exporters with working capital financing to cover 100% of their pre-shipment costs associated with specific export transactions. Under the SBA EWCP program, a small business will not lose a viable export transaction due to a lack of working capital.

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